



County of Los Angeles  
Department of Public Social Services

Bryce Yokomizo  
Director

October 30, 2003

TO: Each Supervisor

FROM: Bryce Yokomizo, Director

SUBJECT: LEADER SYSTEM REPORT

In my September 17, 2003 memo to your Board on Status of LEADER System Issues, I responded to your questions on the LEADER System and informed you that I would provide a subsequent report that would be more comprehensive. Attached is that report that summarizes LEADER System development, the current status of the LEADER System, and future LEADER Agreement amendments and modifications that I plan to bring to your Board for approval this year and next.

At this time, the LEADER System is functioning well; response times are good; the LEADER System availability is excellent; and Unisys Corporation has been responsive in correcting warranty items, such as ease of use requirements, at their own cost.

This report has been reviewed by the Chief Administrative Office, the Chief Information Office, and County Counsel. I am available to discuss this report with you and your staff, should you have any questions.

Also, I intend to resume sending you quarterly reports on the status of the LEADER System. Those reports will commence in January 2004.

BY:en

Attachment

c: Executive Officer, Board of Supervisors  
Chief Administrative Officer  
County Counsel  
Chief Information Officer  
Auditor-Controller

## LEADER REPORT

### Background

The LEADER System is the largest public sector automated welfare system in the nation. It replaced 22 legacy systems including IBPS, CDMS, WCMIS, GREAT, and Repayments. The following are the fundamental features of the LEADER System:

- Automatically issues benefits for CalWORKs, Food Stamps, Medi-Cal, General Relief, and CAPI;
- Processes over five million transactions daily;
- Interfaces with over 25 external systems;
- Used by more than 11,000 staff in eight departments; and
- Has a network of over 100 different locations.

### Agreement Award

The Agreement for development and implementation of the LEADER System was approved by the Board on September 12, 1995 for a term of seven and one-half years at a maximum contract sum of \$85.7 million. In subsequent amendments and modifications the term was extended to April 2005, and the County has the option to extend the term for up to 24 months beyond that date, at specified monthly maximum amounts. Our Net County Cost (NCC) share was \$1.9 million over the term of the original Agreement. Unisys submitted the lowest cost proposal and received the highest score on evaluation. Three bids were received; the other two were from TRW and Electronic Data Systems (EDS) at costs of \$135 million and \$195 million respectively.

### Subsequent Amendments and Modifications that Increased Maximum Contract Sum

There have been six amendments and six modifications to the Agreement with Unisys. Of these, four amendments and three modifications have resulted in an increase to the maximum contract sum. They are:

On July 1, 1997, your Board approved Amendment Number Two to transfer responsibility of installation of all electrical work and cabling for all County sites to Unisys. This work was not part of the RFP or original Agreement as the County had intended to contract out separately for this work. However, the Internal Services Department (ISD) estimated the actual work involved and Unisys submitted a proposed cost to the County that was lower than ISD's estimate so the County accepted the Unisys proposal. The amendment was approved and the maximum contract sum for the Agreement was thereby increased by \$11.1 million. The NCC was \$2 million spread over two fiscal years.

On December 21, 1998, your Board approved Amendment Number Three to include Welfare Reform, the County's Bank Interface Redesign, Single Index, and expansion of the telecommunications network to add new sites, and a twelve-month extension of the term to allow for programming and testing of these LEADER System modifications. These requirements were not included in the RFP and, therefore, not factored into the scope of work for the Unisys bid. Also included in this Amendment were increased fees for Central Site data

center operations. The maximum contract sum for the Agreement was increased by \$47.8 million. Of the \$47.8 million, \$20 million was directly related to the increased fees for the Central Site data center operations. The NCC was \$5.7 million.

On March 16, 1999, your Board approved Modification Number Three to extend the Acceptance Test period by an additional three months, allowing DPSS to better test all of the changes incorporated as a result of Welfare Reform. The maximum contract sum for the Agreement was increased by \$7.5 million and the Agreement term extended by an additional three months. The NCC was \$1 million.

Both Amendment Number Three and Modification Number Three increased the maximum contract sum to extend the Acceptance Test period. Amendment Number Three allowed the County the option to hire an independent auditor to audit Unisys's Acceptance Test extension period invoices based on Unisys's actual costs. The Auditor-Controller hired MGT of America to perform the audit. As a result of the audit, Unisys delivered a check to the County on December 14, 2001 in the amount of \$2,255,723 for repayment of over-billed costs.

On August 14, 2001, your Board approved Modification Number Four to add a site, relocate two sites, expand a site, and add the telecommunications equipment to support these changes. The maximum contract sum for the Agreement was increased by \$526,989. The NCC was \$40,736.

On August 6, 2002, your Board approved Amendment Number Five to add modifications for the Electronic Benefit Transfer (EBT) Interface. The maximum contract sum for the Agreement was increased by \$7 million which was funded 100% by the State (no NCC).

On November 12, 2002, your Board approved Modification Number Six to add a new site, relocate more than 200 workstations with printers, and add the telecommunications equipment to support this change. The maximum contract sum for the Agreement was increased by \$314,129. The NCC was \$23,246.

On May 20, 2003, your Board approved Amendment Number Six to include the software modifications needed to implement the new State Medi-Cal programs - 1931 (b), Continuous Eligibility for Children, and Medi-Cal Mail-In Applications. Additional changes included a data-tracking interface to calculate CalWORKs time limits; an upgraded LEADER System testing environment for the Central Site; and expansion of hardware and software at the LEADER Project Management Office to support these modifications. The maximum contract sum for the Agreement was increased by \$11.6 million. The NCC was \$169,030 because the modifications were primarily for Medi-Cal.

#### LEADER System Implementation

The LEADER System was test-piloted in the Pasadena district office commencing on May 3, 1999. This pilot start date had been extended to allow for completion of the modifications due to Welfare Reform and the time needed to test those changes. Full countywide implementation was targeted to commence on October 1, 1999. However, as you know, there was a nine-month suspension in LEADER System roll-out because of slow response times. The LEADER System could not handle the transaction volume.

As a result, on October 10, 2000, your Board approved Amendment Number Four that required Unisys to design, install, test, implement, and operate a multi-host partitioned database architecture to remedy the problems with the LEADER System. Further the Agreement term was extended by nine months to allow for the testing of this change. This Amendment did not increase the maximum contract sum and was done without charge by Unisys. The successful completion of countywide roll-out occurred on April 2, 2001.

#### LEADER System Availability

From January through August of this year, there have only been 10 days in which one particular site experienced more than one hour of LEADER System availability downtime. Only one of these days qualified for the assessment of liquidated damages under the Agreement, which were charged to Unisys in the amount of \$5,000 and credited to the County in February 2003.

The LEADER System is a closed network environment and, at this time, is not accessible through the LA Net (e.g., Internet and Lotus Notes email). This proved to be extremely beneficial to the County departments using the LEADER System as it was not affected by the recent computer network viruses and continued to be available to the more than 11,000 staff in eight departments that use the LEADER System while other County systems experienced interruptions.

#### LEADER System Response Times

Response times for all transactions, except eligibility determination/benefit calculation (ED/BC), are at 99% of Specifications. The number of daily transactions ranges from five to six million. ED/BC transactions, which are less than 1% of the total daily transactions, average between 20 to 50 seconds depending on the number of months calculated. This means that if a worker calculates benefits for a 12-month period, it could take 50 seconds or more for the data to appear on his/her screen. In order to reduce this response time, we have selected a pilot district and are retraining staff on when to use multiple months of calculation. We are working with Unisys to measure the before and after pilot statistics. If successful, we will retrain all departmental staff. Under the legacy systems, the response time for a worker to get the results of an ED/BC calculation would take approximately one-week regardless of the number of months calculated.

#### Substantial Compliance

In our monthly status reports over the past two years, we continued to inform your Board of our progress on the Specifications required under the Agreement. We previously reported that there were 47 Specifications still to be completed, the price of which was included in the maximum contract sum. As of today, we have six of the 47 Specifications that we are working with Unisys to complete. They are:

- Ease of use (making error messages more understandable),
- Average Response Time report,
- State sampling process files,
- Ability to input issuance information prior to history,
- Welfare Fraud Prevention and Investigations (WFP&I) management reports, and
- LEADER management reports.

As reported in my September 17, 2003 memo to your Board, ease of use relates to making the LEADER System easier for end users to utilize the LEADER System. The one remaining ease of use requirement is understandable error messages. The target completion date for this Specification is the end of December 2003.

The next three Specifications (average response time report, State sampling process files, and ability to input issuance information prior to history), will also be completed by the end of December 2003. The last two Specifications, (WFP&I and LEADER management reports), are targeted to be completed by the end of April 2004.

#### Other Statewide Automated Welfare Systems (SAWS)

There are three other SAWS Systems in California - ISAWS, Cal WIN, and C-IV. The comparison of those systems to the LEADER System is as follows:

California Consortia	Size	Percent of CA Caseload	Operation Start Date
ISAWS	35 Counties	12%	1997
LEADER	1 County	38%	2001
C-IV	4 Counties	12%	2004
CAL WIN	18 Counties	38%	2005

Since ISAWS is the only SAWS System that is operational besides the LEADER System, we are only able to compare our costs to that system. According to the State, the total ISAWS development and enhancement costs to date are \$259 million compared to \$171.5 million for all LEADER System Agreement amendments and modifications to date.

#### Future Amendments and Modifications

Amendment Number Seven will modify the LEADER System to add Quarterly Reporting for Food Stamp and Cash program participants, and to increase facilities maintenance/operations (FM/O) processing resources to support the implementation of Electronic Benefit Transfer (EBT). Quarterly Reporting modification will change the way benefits are calculated and it will change the reporting periods from monthly to quarterly. This modification is targeted to be implemented in June 2004 after full countywide implementation of Electronic Benefit Transfer (EBT). Increased costs associated with EBT FM/O will begin in January 2004. We intend to place this amendment on the Board Agenda in the month of November 2003.

Modification Notice Number Seven will expand the network at the DPSS Training Academy, and add our new site at El Monte annex. This change will be placed on the Board Agenda in December 2003.

Amendment Number Eight will request an increase in the number of Modifications and/or Enhancement (M&E) hours. This amendment is critical to the ongoing maintenance and operation of the LEADER System. In January 2003, ISD reviewed the LEADER System and determined that based on the current usage rate of approximately 3,500 M&E hours per month, the Agreement hours would be used up by the end of February 2004. That estimate proved to be accurate. Based on current calculations, we will deplete our M&E hours by the middle of January 2004. We are currently negotiating with Unisys and intend to place this Amendment on the Board Agenda in December 2003.

Amendment Number Nine will include LEADER System modifications needed to implement threshold language changes as a result of civil rights compliance, and other Medi-Cal changes. We intend to place this Amendment on the Board Agenda in August 2004.

#### Conclusion

We are working internally, through DPSS Priority Committees and System Integrity and Compliance Committees, to maintain the accuracy and integrity of the LEADER System. Additionally, oversight of the LEADER System is provided by the County's Chief Information Officer and the Information Systems Commission (ISC) as well as the State Departments of Social Services and Health Services, all of whom help keep the LEADER System compliant with all County, State and Federal regulations.

The LEADER System is and will continue to be a major focus of attention for DPSS not merely because of its size and scope, but because of the critical nature of the system. And while we have come a long way from all of the problems experienced over the past years, we recognize that there is still much to do to enhance the LEADER System functionality. Also, we will be faced in the next few years with reprourement of the LEADER System. To assist us with potential alternatives, we intend to hire a consultant early next year.